

Sustainable Canadian Agricultural Partnership

Competitive. Innovative. Resilient

SCHEDULE 2 – PROJECT CATEGORY: IMPLEMENT MARKET DEVELOPMENT AND DIVERSIFICATION

For interpretation of Guidelines, please see section 9 Interpretation Of Guidelines.

1. Purpose Of the Project Category

The purpose of the Project Category is to support the development and expansion of domestic and international markets through activities related to marketing, sales development activities, and/or new product development. This Project Category is open to Primary Producers and Processors that meet the eligibility criteria outlined in the Guidelines and this Schedule “2”.

2. Term Of the Project Category

See section 2 of the Guidelines.

3. Funding For the Project Category

For not exclusively United States focused projects, a Recipient is eligible to receive thirty-five percent (35%) of Eligible Costs up to a maximum of seventy-thousand dollars (\$70,000).

For exclusively United States focused projects, a Recipient is eligible to receive twenty-five percent (25%) of Eligible Costs up to a maximum of fifty-thousand dollars (\$50,000).

4. Operation Of the Project Category

4.1. Eligible And Ineligible Activities

4.1.1. Eligible Activities

The following activities as they relate to agricultural, food, or beverage products are eligible under this Project Category:

- (a) Third-party services related to the development of a new product, including:
 - i) Regulatory review for new products,
 - ii) Ingredient and/or material sourcing,
 - iii) Formulation development,
 - iv) Scale-up trials,
 - v) Shelf-life determination,
 - vi) Testing or analysis to verify and complement development processing including:
 - 1. Nutritional, microbial, chemical, allergen, or
 - 2. Sensory/consumer
 - vii) Packaging sourcing, design, and third-party testing to ensure compatibility with product,
 - viii) Labelling design and development for:
 - 1. A new product to ensure compliance with regulatory requirements, or
 - 2. When entering a new market to ensure compliance.
- (b) Third-party services for sales development and marketing products, including;
 - i) Brand development,
 - ii) Focus groups and/or consumer studies,
 - iii) Product demonstrations,
 - iv) Product marketing campaigns development, planning, and management, and
 - v) Design/development of new promotional material (such as, advertisements, brochures, videos); and
- (c) New sales generation, marketing and promotional activities or events (such as tradeshows, buyer meetings)

If the Applicant is submitting Applications under both Project Category: Market Development and Diversification Implementation Planning and Project Category: Implement Market Development and Diversification, the activities **must** be unique and independent from one another.

A Project may only start after the Ministry has approved it. The approval date will be communicated in the Approval Letter to the successful Applicant. Deposits made prior to the approval date on activities within a Project will result in those activities and/or entire Project to be ineligible.

4.1.2. Ineligible Activities

The following activities are ineligible under this Project Category:

- (a) Activities related to the reformulation or resizing of an existing product;
- (b) Any marketing activities not completed by a third-party vendor;
- (c) Any packaging/label design and development activities not related to a new product or new market requirements;
- (d) Attendance of events for exploratory purposes, without a business analysis or market development plan to support the businesses intention to export to that specific region;
- (e) Purchase of packaging materials not related to the testing to ensure compatibility with product;
- (f) Activities related to the domestic marketing and product development of Aquaculture as well as Fish and Seafood Processing; and
- (g) Any activity not set out under section 4.1.1. of this Schedule “2” to the Guidelines.

4.2. Eligible Costs And Ineligible Costs Under the Project Category

4.2.1. Eligible Costs Under the Project Category

The following costs are eligible for the purposes of the Project Category, provided they were validly and reasonably incurred and directly necessary to carry out the Recipient’s Project:

- (a) Costs that were incurred and/or paid for on or after the approval of the Project by the Ministry and on or before the Project completion date;
- (b) Costs that reflect the actual costs to the Recipient, less any costs, including taxes, for which the Recipient has received, will receive or is eligible to receive, a rebate, credit or refund;
- (c) One-time tradeshow fees, for up to three employee attendees of the Recipient, limited to:
 - i) Entrance/booth fees and facility required costs (such as hydro),
 - ii) Booth/display development costs, and
 - iii) Transportation, meals, and accommodations for up to two days prior and after if deemed necessary;
- (d) Transportation, meals, and accommodation costs for up to three employees of the Recipient to conduct new sales/buyer meetings (timeframe is limited to the duration of the meetings);
- (e) Third-party product demonstration fees;

- (f) Third-party service fees for:
 - i. Brand development,
 - ii. Development of product marketing campaigns for new product(s) and/or new or expanded market(s), or
 - iii. Design and development of new promotional material; and
- (g) Third-Party costs related to the development of a new product included:
 - i. Regulatory review for new products,
 - ii. Formulation development,
 - iii. Scale-up trials,
 - iv. Shelf-life determination,
 - v. Rental facilities and rental equipment (such as monthly rental), or
 - vi. Laboratory and diagnostic analysis.

4.2.2. Ineligible Costs Under the Project Category

The following costs are ineligible for the purposes of the Project Category:

- (a) Costs to apply to the Initiative;
- (b) Costs that were incurred and/or paid for before the approval of the Project by the Ministry and after the Project completion date;
- (c) Costs to obtain goods, services or both, where those goods, services or both were not obtained from an entity operating at Arm's Length from the Recipient;
- (d) Costs related to the Recipient's ordinary business operations (such as day-to-day business operating expenses related directly to producing the goods or services sold by a business, to selling goods and services, costs of running a business);
- (e) Costs related to submitting reports to the Ministry;
- (f) Costs for local branding initiatives that could result in or lead to competition with another province or territory;
- (g) Costs associated with any activities for products that are not intended to be sold beyond the Recipient's business location(s);
- (h) Retailer, distributor/broker or food services costs including listing or slotting fees;
- (i) Costs associated with starting up a new business or facility;
- (j) Recipient's staff salary;
- (k) Any in-kind contributions (such as ingredients or samples provided by the Recipient, etc.);
- (l) Costs for alcohol, hospitality and gifts/incentives;
- (m) Costs of the maintenance of an existing third-party certification;

- (n) Food safety program development and/or certification;
- (o) Membership, sponsorship and subscription costs;
- (p) Costs associated with the purchase of third-party data (such as market insights data);
- (q) Costs related to multi-use items (such as smart phones, office supplies, vehicles, etc.);
- (r) Purchasing, leasing of equipment and/or equipment acquired via capital leases;
- (s) Purchasing of packaging and/or labels to support production of product.
- (t) Website hosting and maintenance related costs;
- (u) Costs related the collection of consumer input not conducted by a third-party (such as SurveyMonkey survey);
- (v) French translation fees for packaging for already existing products sold in Canada;
- (w) Costs related to product development outside Ontario;
- (x) Costs associated with the participation/attendance of any tradeshow where costs are supported by the Province (such as Private Label Manufacturers Association tradeshow, Salon International de l'alimentation);
- (y) Costs to attend events where the primary purpose is not to expose consumers to a Recipient's product(s) (such as industry award events, coaching conferences, etc.);
- (z) Swag (such as clothing, bags, water bottles, etc.);
- (aa) Costs that have already been claimed under other Project Categories of the Initiative;
- (bb) Any costs associated with lobbying the Province, including other ministries, agencies and organizations of the Government of Ontario or Canada, including other departments, agencies and organizations of the Government of Canada;
- (cc) Any costs that were, in the Province's opinion, unreasonable incurred or are not necessary for the successful completion of the Project; and
- (dd) Any other costs that are not set out under section 4.2.1 of this Schedule "2" of the Guidelines.

4.3. Eligibility Requirements

See section 4.3 of the Guidelines.

4.4. Applying To the Project Category

In addition to the criteria outlined in section 4.4 of the Guidelines, to apply to this is Project Category an Applicant **must**:

- (a) Provide a written quote for each requested cost from any third-party providing a good, service or both detailing the proposed Eligible Costs for the Project. The quotes should include:
 - i) The legal name of the third-party organization, consultant, or manufacturer,
 - ii) The date the quote was provided,
 - iii) A clear description of the good and/or service being provided, and
 - iv) Expected costs, including any ancillary charges and applicable taxes; and

- (b) Provide either a business analysis or market development plan that outlines the rationale for the Project. This should at minimum include:
 - i) Market research and analysis that supports entry/expansion into the identified market(s), and/or the development of the new product,
 - ii) The analysis and methodology used to determine the business impacts such as potential job creation/retention and potential sales increase, and
 - iii) The implementation strategy.

4.5. Review Of Application, Evaluation Criteria And Notification

The Ministry will review the Application Form to determine whether the Applicant is eligible to participate in the Project Category.

Applications will be evaluated based on the extent to which:

- (a) Target markets/channels are fully identified and articulated based on previous market analysis;
- (b) Project rationale supports market diversification and trade resiliency, and how clearly the opportunities and challenges are identified and addressed. The Project must build upon an existing business analysis or market development plan referenced in Section 4.4 (b); and
- (c) Business impacts of the Project, in relation to market diversification and resiliency, are quantified and substantiated:
 - i) Potential job creation and/or retention,
 - ii) Potential sales increase and/or retention, and

(d) Project workplan (such as activities and timelines) is clearly defined and aligned to the Project and quotes provided.